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March 26, 2007

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Arizona Corporation Commission
DOCKETED

MAR 26 2007

Mr. Michael M. Grant
Gallagher & Kennedy, P. A.
2575 East Camelback Rd
Phoenix, Arizona 85016-9225

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RE: AT&T COMMUNICATIONS OF THE MOUNTAIN STATES, INC. ("AT&T"),
MAXIMUM TARIFF RATE INCREASE, DOCKET NO. T-02428A-06-0784

Dear Mr. Grant:

The tariff changes filed by AT&T on December 15, 2006 increases the maximum tariff rate for the SmarTalk Prepaid Phone Cards and Prepaid Phone Cards that are offered by AT&T. This data request is intended to obtain additional information surrounding the proposed rate increase. Rate increases require direct approval by the Arizona Corporation Commission ("ACC" or "Commission").

As a competitive telecommunications provider, AT&T is subject to Title 14, Article 11 (Competitive Telecommunications Services) of the Arizona Administrative Code. Section 1110 of Title 14, Article 11 describes the procedure for applying to the ACC for an increase in any rate for a competitive telecommunications service.

In order to increase the tariff rate for a competitive telecommunications service, the applicant shall submit an Application to the Commission containing the following information:

1. A statement setting forth the reasons for which a rate increase is required;
2. Is there a cost based justification for the rate increase (i.e., is the rate increase necessary to account for a change in your costs)? If yes, please describe the change in your costs. Provide calculations and data to support your cost justification. (*See attached Data Request for additional details.*)
3. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates; (*See attached Data Request for additional details.*)
4. An affidavit verifying that appropriate notice of the proposed rate increase has been provided to customers of the service; and

5. A copy of the customer notification you sent to your customers.

Therefore, it will be necessary for you to provide the information described in 1-5 above. Please indicate if any of the information noted above has been already supplied in AT&T's December 15, 2006 filing or provide updated information as needed. The Commission or Staff may request any additional information in support of the Application. Staff cannot begin to process this filing until this information is received.

Frequently asked questions concerning tariffs can be found at:

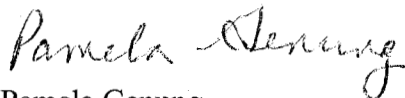
<http://www.cc.state.az.us/utility/tariff/tariff-faq.htm>

Please provide Docket Control with the information being requested by the attached (first) data request within **10 days** of the date of this letter. Mail an original plus 13 copies to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received or all deficiencies are not remedied within 10 days, Staff will recommend that the Application be terminated. If the Application is terminated, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently applying, until such time as a new Application is filed with and approved by the Commission.

Remember that information submitted for a tariff rate increase is normally made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If AT&T needs to provide confidential information, please contact me directly.

Please understand that rate changes do not become effective until they are approved by the Commission. If you have any questions about this matter, please contact me at (602) 542-0664. Thank you for your prompt response to this request.

Respectfully,



Pamela Genung
Public Utilities Analyst IV

PJG:tdp

Enclosure(s)

CC: Docket Control Center (Original and Thirteen Copies)

STAFF'S FIRST SET OF DATA REQUESTS FOR
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These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses. Also, please make sure all information you provide in response to item(s) concerning this Application, including Staff's data requests, is updated and current. If you need to update your response to any item(s)/request(s), please reference the item(s)/request(s) and provide your current response(s). Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this Application, the following information must be submitted:

- PJG1-1 In Exhibit 4 of this filing, three tariff pages are included with changes represented on each. Staff is unable to correctly determine which AT&T tariff will be affected by these changes. The AT&T company name is incomplete in the upper left corner on each page. The tariff name, state name, page number, release number, issued date, and effective date are missing from each revised page.
- a. Please provide Staff with revised tariff pages that include the missing information mentioned above in PJG1-1.
 - b. Please provide Staff with copies of the current tariff pages that are being revised.
- PJG1-2 In AT&T's Application, on page 3, footnote 6 makes reference to the "older AT&T cards that had a one-to-one ratio for minutes and decrements for all in-state calls". Please provide the number of customers or cards that are currently impacted by this reference.
- PJG1-3 In AT&T's Application, on page 4, line 3, footnote 8 indicates that the Interactive Voice Response ("IVR") will advise customers that AT&T's recharge minutes are now subject to higher in-state rates. Please explain whether the IVR system is able to recognize and provide a response to any other languages besides English. If the IVR can recognize and respond to other languages besides English, please specify which languages.
- PJG1-4 Are the SmarTalk Prepaid Phone Cards and Prepaid Phone Cards marketed to a specific nationality or nationalities of customers? If so, please identify those groups.
- PJG1-5 In AT&T's Application, on page 4, lines 11-12, AT&T has stated that the total revenue impact will actually be an overall revenue reduction. Please provide the amount of the overall revenue reduction that AT&T expects to encounter if the increase is approved by the ACC. Please provide calculations and data used in arriving at your conclusion.

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- PJG1-6 Is there a cost based justification for the rate increase to the SmarTalk cards? (i.e., is the rate increase necessary to account for a change in your costs)? If yes, please describe the change in your costs. Provide calculations and data to support your cost justification.
- PJG1-7 On the first tariff page in Exhibit 4, identified as Section 6 – Prepaid Phone Service (Cont'd), at 6.1.1 Rates and Charges, in the third paragraph new language is being added as indicated in the right margin. The language identified states “the following charges will be applied against calls made with a PenniesRule! SmarTalk Prepaid Phone Card: a 79 cents first minute surcharge for calls within the U.S., and a weekly fee of 12 cents beginning 7 days after use.” Please further explain how the language identified as new is different from the current language in Section 6, page 2, at 6.1.1 Rates and Charges in AT&T's Telecommunications Services Tariff, if this is the correct tariff that changes are being made.
- PJG1-8 On the second tariff page in Exhibit 4, identified as Section 6 – Prepaid Phone Service (Cont'd), at 6.1.1 Rates and Charges (Cont'd), in the first paragraph a new sentence is being added that states, “in-state calls made with cards purchased from a vending machine or at a terminal or transportation center will be decremented one minute/unit for each minute of talk time.” Please clarify whether the one minute/unit for each minute of talk time is in addition to the five minutes/units per minute of talk time as indicated on the third tariff page in Exhibit 4, identified as Section 6 – Prepaid Phone Service, at 6.1.1 Rates and Charges, if the SmarTalk Prepaid Phone Card or Prepaid Phone Card is purchased from a vending machine or at a terminal or transportation center.
- PJG1-9 Please explain how the Company believes its proposed rate increase compares to those of similar services offered by its competitors. List three companies that are your competitors in Arizona. For each of the competitors identify the services that are comparable to your services in which the Company proposes to increase the rates. Also, furnish the source(s)/information of each in making this comparison (i.e. URL address, link or print computer document(s)).
- PJG1-10 Please explain if the services impacted by the rate increase are being enhanced with new or additional features.
- PJG1-11 Please explain when the maximum and current rate per minute of talk time for in-state calls made with SmarTalk Prepaid Phone Cards and Prepaid Phone Cards were previously increased.
- PJG1-12 Please confirm or correct the existing Actual and Maximum rate per minute of talk time for in-state calls made with SmarTalk Prepaid Phone Cards and Prepaid Phone Cards that the Company proposes to increase.

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- PJG1-13 For each service with an associated per minute of talk time rate for in-state calls made with SmarTalk Prepaid Phone Cards and Prepaid Phone Cards that the Company proposes to increase, please provide:
- the number of customers impacted (please provide a reasonable range or estimate)
 - the total annualized revenue associated with all customers under the existing current and maximum rates (please provide a reasonable range or estimate)
 - the total annualized revenue associated with all customers under the proposed current and maximum rates (please provide a reasonable range or estimate)
- PJG1-14 Please explain if the expected effect of this filing on the Company's Arizona revenues is less than 1 percent, from 1 to 5 percent, etc.
- PJG1-15 Is the proposed rate increase per minute of talk time for in-state calls made with SmarTalk Prepaid Phone Cards and Prepaid Phone Cards in Arizona the same charge as those charged by the Company in other states? If not, please explain. Is the proposed rate increase per minute of talk time for in-state calls made with SmarTalk Prepaid Phone Cards and Prepaid Phone Cards in Arizona a nationwide change? If not, please explain.
- PJG1-16 How much annual customer revenue does the Company estimate that it will derive from the proposed rate increase?
- PJG1-17 In which States does the Company have the proposed rate increase implemented? For States in which the Company has the proposed rate increase implemented, please provide the dates when those tariffs were approved.
- PJG1-18 In which States, other than Arizona, does AT&T have tariffs pending for the proposed rate increase?
- PJG1-19 Is AT&T in full compliance with all Commission's Decisions, reporting requirements (i.e. Annual Report, filing of Diversification Activities and Plans, Accident Reports, etc.), and addressed all Consumer inquiries and/or complaints in the Utilities Division?
- PJG1-20 Is AT&T in "Good Standing" with the Corporations Division of the Arizona Corporation Commission?
- PJG1-21 Please indicate AT&T's fair value rate base, the value of all assets under Arizona's jurisdiction.

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- PJG1-22 Did you provide 60 days notice to affected customers of the proposed tariff changes as required in R14-2-504 (B) (2.)?
- PJG1-23 Please indicate whether AT&T currently has a performance bond in Arizona. If so, what is the amount of the performance bond?